

ISLAMIC CONCEPT OF SAVING

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Abstract

The purpose of this paper is to investigate the concept of saving in Islam. Islamic saving is different from capitalist concept of saving in its nature as well as in its aim. The saving in capitalist system is the result of niggardly. Islamic saving is the part of Halal income, which is not consumed after concept of Halal goods and given the modern consumption. Moreover, it works on the basis of wider circulation of wealth.

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1. Introduction

After the collapse of so-called socialist economic system, most of the countries including Islamic countries reinforced the capitalist economic system. The metal of this system is interest and gambling. However, these two elements are strictly prohibited in Islam. Quran says about gambling:

*"They question thee about strong drink and games of chance. Say: in both is great sin, and (some) utility for man; but sin of them is greater than their usefulness."*¹

In other Surrah Quran says about interest.

*"O ye who believe! Devour not usury, doubling, and quadrupling (the sum lent). Observe your duty to Allah, that ye may be successful"*²

When Islamic countries got freedom, they tried to mould the modern economic system into real Islamic economic system. A lot of research work has been done towards Islamic Economics; as a result, three school of thoughts have developed. First school of thought views that no economic system can properly function without interest and gambling. As these two elements are prohibited in Islam, there is need to use its alternative. It implies that we are indire need to develop that economic

system which should not be trust nor stand in any way against the teaching of Islam. Second school of thought advent in reaction of first school of thought. They make it clear that any form of interest or gambling is not acceptable in Islam. Third school of thought examines the empirical aspects of Islamic economics and draws framework about different components of economic and financial system i.e. banking system, stock exchange, insurance etc. No doubt, this school of thought has performed a lot in terms of interminable services for improvement of Islamic economic system and has profound effect on the life of ordinary people. However, unintentionally they have ignored two major facts that will be very dangerous in future and hamper the true sprit of Islamic economic system to prevail.

Banks, insurance and stock exchange are associated with capitalist economic system and its fundamentals are interest and gambling, which are essence of capitalist economic system. Perhaps without interest and gambling, these institutions can function with in limited time but for longer time their funding in terms of prospecting business to remain proper and effective is what beyond realistic expectations.

Second if we suppose that development of the amended economic system is possible in place of Islamic economic system. This system also would be established by human being. Any system proposed by human has two

distinct features i.e. it is not perfect, it may be of value and successful for short time but it meets its decay like any other thing.

We cannot ignore the fact that the social economic system which revolved was not merely the result of the wide spread effects of the evils of the capitalistic economic system. Similarly its fall cannot be attributed to the success of capitalist system only, in actual it is said to decline of man made system. While Islamic economic system developed in the light of Islamic teaching and for the reasons is known as the most long lasting and universally beneficial for all times to come, as this system is governed by the decree of Allah and his Prophet which leaves no room for fallacies that is common in man promoted economic system.

In the view of above facts, need arises to workout strategy by focusing as major economic variables i.e. income, consumption and saving that play instrumental role in the stability of any economic system. Another step to be taken in this regard is to investigate their assistance in framing or developing of financial institutions; between them, the concept of saving is of utmost importance.

2. Concept of saving

Basically the saving is the part of income, which is not consumed. It is future consumption, which is the amount saved today in order to have something to meet

contingencies. It implies that postponement of present consumption to future consumption. Its economic significance arises from the facts that money saved is channelized into investment. It creates the country's stock of capital and helps in the generation of producer goods, which is essential for economic growth. Being an essential factor of production, capital goods assist to increase the country's GNP.

If saving approaches to zero it shows that whole income is consumed, which in turns leaves no funds for investors to earn more income or for others to borrow. When the country does not save, it implies all resources are utilized for consumption purpose only. It leads to difficulties in the promotion capital formulation, which is must for growth and development. If a country looks to the formation of capital stock on priority basis than it needs to mobilize all its efforts for increasing saving rate across the state.

3. Income in Islam

Islam focuses on two fundamental aspect of earning i.e. what to earn and how to earn. Therefore man is not given complete freedom in taking decision of earning and particularly on deciding about which way of money to choose. The sources of earning must be legitimate (Halal) and sacred or pure (Tayyeb). Thus income which is earned by interest, gambling, bribes,

cheating and thievery are unlawful or Haram, because it is not Tayyeb. It implies all those sources of income, which are strictly prohibited by Shariah, are not permissible. For example, income from gambling, interest, bribes etc is prohibited in Islam. Quran says:

"O ye who believe! Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent, and kill not one another. Lo! Allah is ever Merciful unto you".³

The income and wealth, which is earned by Halal sources, actually helps in reviving one's faith or trust in Allah and His Grace. It is not personal endeavor or efforts. Quran says:

"It is no sin for you that ye seek the bounty of your Lord (by trading). But when ye press on in the multitude from 'Arfat', remember Allah by the scared monument. Remember Him as He hath guided you, although before ye were of those astray".⁴

Those persons who do not accept the wealth as the trust of Allah or not His grace but earns it by his own efforts, for such persons Allah enlighten the example of Korah as learn for lesson. Quran says:

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"He (Korah) said: I have been given it only on account of knowledge I possess. Knew he not that Allah had destroyed already of the generation before him men who were mightier than him in strength and greater in respect of following".⁵

Islam gives the unique concept of asset (or Mal). Asset (Mal) whether looked as wealth or income is regarded as a bounty from Allah. Asset is not an evil but it is also grace of Allah. As Heaven is not only open to the poor, but it also and equally opens to rich. Asset (Mal) is a tool that may be used for good or for evil. Quran says

"And the likeness of those who spend their wealth in search of Allah's pleasure, and for the strengthening of their souls, is as the likeness of a garden on a height. The rainstorm smiteth it and it bringeth forth its fruit twofold. And if the rainstorm smite it not, then the shower. Allah is seer of what ye do".⁶

Another place Quran says.

"The likeness of that which they spend to his life of the world is as the likeness of a biting, icy wind which smiteth the harvest of a people who have wronged themselves, and devastateth".⁷

Islam encourages Muslims for earnings. In Quran

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"And when the prayer is ended, then disperse in the land and seek of Allah's bounty, and remember Allah much, that ye may be successful".⁸

The Prophet (PBUH) in the following sayings defines the relationship between income or Mal and consumption.

"The Prophet (PBUH) asked once: who among you, the Mal of his heir is dearer to him than his own Mal? They answered: every one sees his Mal dearest than his heirs. Then, the Prophet (PBUH) said your Mal is what you use up and your heirs Mal is what you leave".⁹

That is, since the Mal works as medium of purchasing goods and services, which results in satisfaction, it should be spent for that purpose and not hoarded. The concept of real income appears in another saying where real income is defined as the total of what is used for the purchase of goods and services that results to produce immediate satisfaction in this life besides which is given away for causes that enrich one's life after. The Prophet (PBUH) define the relationship between consumption and income:

"You do not really posses of your asset (Mal) but that you eat and use up, that you dress and wear up, and that you spend on charity

and presence for the life after. ¹⁰(Narrated by Muslim and Ahmed)

4. Concept of Consumption in Islam

Consumption of an individual depends upon cultural environment and particularly on philosophy of life. That is why consumer behavior found different in different society. Islam has its own distinct ethical, sociological, and cultural setup, which provide different premises for analyzing the consumption. The basic principles of consumption in Islam are (i) Halal and Sacred commodity (ii) Moderate in consumption.

i. Halal and Sacred commodity

The commodity should be Halal and Purify. This type of the commodity has good effect on the nature or inner of human beings. Quran says about Halal consumption

"O mankind! Eat of that which is lawful and wholesome in the earth, and follow not the footsteps of the devil. Lo! He is an open enemy for you".¹¹

Tayyeb or sacred commodities, in nature, have good and positive effect on the temperament of the person. If the commodities are not Tayyeb it is available for consumption to an individual, this consumption will have

negatively effect on the working of the person's mind and behaviour. Quran says about prohibited commodities:

"Forbidden unto you (for food) are carrion, and blood and swine-flesh, and that which hath been dedicated unto any other than Allah, and the strangled, and the dead through beating, and the dead through falling from a height, and that which hath been killed by (the going of) horns, and the devoured of wild beasts, saving that which ye make lawful (by the death-stroke), and that which hath been immolated unto idols. And (forbidden is it) that ye swear by the diving arrows. This is an abomination".¹²

ii. Moderation in Consumption

Muslehuddin¹³, Afzal-ur-Rehamn¹⁴ and M.A. Mannan¹⁵ agreed that Islam enjoins self-control and moderation in the matter of consumption. The Muslims should not involve in extravagance or in niggardly, but hold balance between the two extremes. Quran says about moderation of consumption.

"And those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two".¹⁶

5. Concept of Saving in Islam

The saving of Muslims is that part of Halal income that is not consumed after consumption on Halal goods and given the mediocre consumption. Quran says:

"And those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two."⁴⁷

In another verses Quran says:

"And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded."⁴⁸

Thus Muslims saving is not an optional saving but it is the supplement, which occurs to adopt the Islamic teaching in matter of earning and making consumption. Islam interpret modern saving as 'Niggardly'. Quran says:

"The devil promiseth you destitution and enjoineth on you lewdness. But Allah promiseth you forgiveness from Himself with bounty. Allah is All-Embracing. All-Knowing."⁴⁹

In another Ayat Quran says:

"And let not those who hoard up that which Allah hath bestowed upon them of His bounty think that it is better for them., Nay, it is

*worse for them. That which they hoard will be their collar on the Day of Resurrection. Allah's is the heritage of the heavens and the earth, and Allah is Informed of what ye do.*¹²⁰

On the basis of the above, Surrah it is clear that Islamic concept of saving is totally different from capitalist concept of saving, while Islam strictly opposes the capitalist theory of saving. The saving of Muslim is the trustee of whole Muslim society in Islam. This saving is used at the time of emergency and for the fulfillment of society's urgent or inevitable needs. Quran says:

*"Believe in Allah and his messenger, and spend of that whereof He hath made you trustees; and such of you as believe and spend (aright), theirs will be a great reward."*¹²¹

There are two laws, which have been imposed by Islam on Muslims savings. One is implication of Zakah, which is applicable on the fulfillment of the requirement of minimum Nisab, and other is law of inheritance. The aim of these two laws is to abhor the accumulation of wealth in few hands. Islam encourages the wider circulation of money and this is the reason that the law of Zakah is applicable during the life of Muslims and the law of inheritance is applicable only after the death of Muslim.

Though the use of saving is discretionary but Quran also tell us about it uses which gives the surety to success in this world and the hereafter. Quran says:

*"They ask thee, (O Muhammad), what they shall spend. Say: That is which ye spend for good (must go) to parents and near kindred and orphans and the needy and the wayfarer. And whatsoever good ye do Lo! Allah is Aware of it."*²²

It should be clear in the mind that Allah does not like Muslims to spend his entire injunctions but to take care at the same time to all those who are inferior to them in terms of money and status therefore, in this respect, it has been directed that charity must start from home.

6. Concluding Remarks

Islamic saving is different from that of capitalist saving in its nature as well as in its aims. The saving in capitalist system is the result of niggardly. It is derived from the persuasion of interest and gambling. By these sources the person formed monopoly on resources that ultimately helps man to monopolize resources. If the benefit is given in the form of interest it had taken back by increasing the prices of the commodities.

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Islamic saving works on the basis of wider circulation of wealth. If the circulation of wealth increases, economic activity also speeds up which accelerate the production and brings the needed prosperity in Muslim society.

From the above discussion, it becomes at least clear that instead of making other economic system acceptable to Islamic norms and values by injecting Islamic teachings into such system, we should discuss them in the light of Shariah.

References

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